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CURRENT INTELLIGENCE WEEKLY SUMMARY



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THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

AMERICAN-CHINESE TALKS Page 1

Peiping's propaganda continues to suggest that the regime intends to make some concessions on issues being discussed at Geneva in the hope of arranging high-level negotiations with the United States on major matters. Peiping may propose a formula for the renunciation of force in the Formosa area which would involve a withdrawal of American forces. [REDACTED]

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PART II

NOTES AND COMMENTS

The South Korea Riots: President Rhee's renewed campaign against various provisions of the Korean armistice is both a reflection of his impatience over failure of the UN Command to eject Communist truce inspectors and an attempt to offset the trend toward reduction of tension between the United States and Communist China. The campaign will reportedly continue at least through 15 August, the 10th anniversary of liberation from the Japanese. [REDACTED] Page 1

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Supreme Soviet Session: The Soviet leadership gave the Supreme Soviet a straightforward and optimistic description of the summit conference. By informing Soviet citizens of American and other Western proposals, the leaders have to some extent committed themselves to adopting a constructive approach in forthcoming East-West negotiations. [REDACTED] Page 2

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Soviet Attitude Toward Adenauer Visit: The Soviet note of 3 August to West Germany indicates that the USSR wants to postpone negotiating diplomatic, economic, and cultural relations until Chancellor Adenauer visits Moscow. The Soviet Union may agree in preliminary ambassadorial talks in Paris to a return of German prisoners, but objects to this being a condition for establishing diplomatic relations. The USSR will probably urge Adenauer to talk with the East Germans if he raises the issue of German unification. [REDACTED] Page 3

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Political Confusion in Hungary: International developments are adding to the serious difficulties First Secretary Rakosi faces in trying to reassert discipline in the badly confused Hungarian Workers' Party. The repressive measures he is adopting in Hungary in an effort to strengthen discipline and control appear out of step with Soviet efforts to make Communist political methods in the Satellites more palatable. The Kremlin appears unwilling to sacrifice Rakosi at this time, although if he continues unable to end party dissension, leadership is likely to be turned over to Communists who are not tainted with anti-Titoism and the excesses of Stalinism. [redacted] Page 4 25X1

Satellite Plan Fulfillment Reports: Plan fulfillment reports for the first six months of 1955 announced by European Satellites claim overfulfillment of industrial production plans, although in several cases such overfulfillment appears to have been made possible by reductions in goals since the original 1955 plans were announced. Sizable increases in industrial output were achieved, which may enable the Satellites to reverse the trend of declining rates in industrial growth. [redacted] Page 5 25X1

Vietnam: In a move to stop the terrorist bombings that have plagued Saigon since mid-July, the government has tightened security measures in the capital and has placed nearby areas under military control. Premier Diem has dismissed as a propaganda maneuver the 19 July Viet Minh note demanding a start in election consultations. The position of the International Control Commission is still unclear as desultory negotiations with the Diem government continue. [redacted] Page 7 25X1

Cambodia: The Cambodian election campaign is becoming increasingly heated and the chief opposition party has protested to the International Control Commission the arrest of one of its candidates by the government. [redacted] Page 8 25X1 25X1

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New Indonesian Cabinet: The new Indonesian cabinet, formed on 10 August and led by the anti-Communist Masjumi, is a victory for the army in its seven-week struggle to preserve and forward its interests. The Masjumi hopes to hold Indonesia's first national elections as scheduled on 29 September; however, a postponement is still possible. [REDACTED] Page 10 25X1

Pakistani Cabinet Reshuffle: The reshuffle in the Pakistani government in which Interior Minister General Iskander Mirza became acting governor general and Mohammad Ali resigned as prime minister portends no immediate change in Pakistan's foreign policy. Mirza has asked Chaudri Mohammad Ali, new leader of the Moslem League and finance minister since 1951, to form a coalition government. [REDACTED] Page 11 25X1

Afghan-Pakistani Situation: Rumors have increased that Afghan prime minister Daud has been or is about to be ousted. Both Afghanistan and Pakistan have intimated that settlement of the dispute over the flag incident of 31 March is imminent. [REDACTED] . . Page 12 25X1

Syrian Presidential Election: On 18 August the Syrian parliament is scheduled to begin balloting to elect a new president. The leading political parties, the army, and agents of foreign powers have been maneuvering for several weeks, but no observer has yet been willing to predict the outcome. [REDACTED] . Page 13 25X1

Sudan Faces Internal Crisis: The Sudan is threatened with an internal crisis and civil disorders as a result of Egypt's efforts to undermine Sudanese prime minister Azhari's pro-independence government. Cairo is apparently stepping up its campaign against Azhari in preparation for the parliamentary session opening on 20 August, which is expected to make arrangements for Sudanese self-determination. [REDACTED] . Page 14 25X1

French North Africa: Sporadic disorders persist in Morocco and Algeria. The Moroccan nationalists have ordered a week's strike beginning with demonstrations on 20 August, the second anniversary of the dethronement of former sultan Mohamed ben Youssef. Tunisia remains quiet as preparations are made for the formal ratification of the French-Tunisian accords approved on 4 August by the French Council of the Republic. [REDACTED] Page 15 25X1

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Political Tension Mounts in Brazil: The normal political tensions of a presidential election campaign are presently complicated in Brazil by the approaching anniversary of the suicide of the late President Vargas on 24 August 1954. Increasing rumors are heard of a possible military coup at any moment to "restore tranquility" and to prevent the late president's followers from returning to power. [REDACTED] Page 16

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PART III**PATTERNS AND PERSPECTIVES****SOVIET DOCTRINE AND SURPRISE ATTACK Page 1**

Recent writings of Soviet military leaders indicate that a re-examination of Soviet military doctrine has been in progress, with increased significance being attached to surprise atomic attack as a determining factor in war. There has been an undertone of threat in some of the recent public statements, including passages that seem to hint at the possibility of Soviet preventive attack in the event of imminent danger of attack on the USSR. Mainly, however, the current discussion appears to reflect concern for defensive vigilance and a determination not to appear weak or intimidated. [REDACTED]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****11 August 1955****THE NEW FRENCH MILITARY BUDGETS Page 6**

Before adjourning for the summer, the French parliament approved the military budgets for both 1955 and 1956 at a level forcing postponement of the planned modernization of the French armed forces. This apparently reflects an assumption that an East-West detente has been achieved. There are indications that France may soon ask to be relieved of its obligation to rebuild its gravely weakened NATO forces in Europe in order to permit concentration of its strength in the Western Mediterranean-North African area.

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SECRET**THE WEEK IN BRIEF**

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****11 August 1955****PART I****OF IMMEDIATE INTEREST****AMERICAN-CHINESE TALKS**

Peiping's propaganda continues to suggest that the regime intends to make some concessions on issues being discussed at Geneva in the hope of arranging high-level negotiations with the United States on major matters. Peiping may be preparing a formula for the renunciation of force in the Formosa area which would involve a withdrawal of American forces from the area.

The Geneva talks are currently concerned with finding a mechanism for facilitating the release of Americans detained in China and the return to the mainland of Chinese in the United States who wish to go. Chinese Communist representative Wang Ping-nan has persisted in requesting the names of all Chinese nationals in the United States, evidently with a view to having Indian officials interview them on a continuing basis and encourage their return.

Wang was informed on 8 August that the United States was considering an arrangement whereby the Indian embassy in Washington could receive requests from any Chinese civilian national in the United States who felt he was being prevented from leaving. The embassy, under this plan, could investigate the case and request the United States to take whatever action the embassy considered appropriate. The embassy could also transmit travel funds, offer other appropriate aid, and publicize its role in all these respects.

Having made one conciliatory gesture by releasing the 11 airmen, the Chinese Communists are not expected to free many, if any, more Americans until agreement is reached on the repatriation question. There seems some chance, however, that Peiping will free one or two Americans in order to keep the Geneva talks alive.

Peiping radio has publicized statements by President Eisenhower and Secretary Dulles touching on the possibility of higher-level and expanded negotiations between Washington and Peiping, as well as the possibility of an international conference on Far Eastern questions. The Chinese Communist Party People's Daily on 7 August observed that the Geneva talks were proceeding "under favorable conditions," and that the talks could "open the road to a settlement" of Far Eastern questions.

Apparently in anticipation of either high-level talks or developments at Geneva, the Chinese Communists seem to be preparing a position on the principle of renunciation of force. Peiping may be planning to seize the initiative on this question.

Chou En-lai in his 30 July speech on foreign affairs endorsed the provisions of the United Nations charter relating to the threat or use of force and expressed the hope that the United States would "vindicate" Secretary Dulles' public statements supporting that principle.

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On 5 August Peiping radio took note of statements by Secretary Dulles relating a Chinese Communist renunciation of force to any Sino-American negotiations, and Peiping in fact misquoted Mr. Dulles to the effect that a renunciation of force would "'clear the way' for extensive negotiations on the major problems...." Chinese Communist broadcasts of 6 and 9 August questioned American sincerity with respect to abjuring force.

There have been rumors, reportedly originating in Communist diplomatic circles, that Peiping intends to propose a bilateral agreement to renounce force in settling any "international" question. Peiping could make such a proposal at no cost, as the regime

defines Formosa as an "internal" affair.

Chinese Communist broadcasts of the past week have indicated strongly that any Peiping offer to renounce force would be tied to Peiping's long-standing demand for a withdrawal of American forces from the China area. For example, Chou in his 30 July speech asserted that the United States could act in accordance with its principles on the use of force only by effecting such a withdrawal. Similarly, Peiping's 6 August commentary argued that "some people," while publicly supporting the UN charter, "try to use the threat of force to...create what they call 'two Chinas'...."

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PART II**NOTES AND COMMENTS****The South Korea Riots**

President Rhee's renewed campaign against various provisions of the Korean armistice is both a reflection of his impatience over failure of the UN Command to eject Communist truce inspectors and an attempt to offset the trend toward reduction of tension between the United States and Communist China. The campaign, which began on 1 August, will reportedly continue at least through 15 August, the 10th anniversary of liberation from the Japanese.

Rhee fears a rapprochement between the United States and Communist China. He envisions a war between these two countries as the only realistic means of achieving unification and feels that the possibility of such a conflict is the principal basis for massive American aid. By promoting popular agitation at this time on emotional issues of nationalism, Rhee is attempting to counter the coexistence propaganda from Peiping and Pyongyang, and to discourage the United States from moving toward agreements with Communist China.

The demonstrations against the Neutral Nations Inspection Teams (NNITs) are an official attempt to challenge American foreign policy in north Asia and the authority of the UN Command in Korea. They are organized and supervised by the police through the block leaders of the localities involved, who designate the families responsible for furnishing participants. In addition to these general participants, who are characteristically apathetic, the police and Rhee's Liberal

Party employ groups from the government, controlled social organizations of veterans, labor unions, longshoremen, and fishermen as "shock troops" to carry the main burden of the actions.

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An attempt by uniformed South Korean military units to seize and eject truce inspection personnel remains unlikely, since it would constitute mutiny against the UN Command. Senior South Korean military leaders are not expected to permit their troops officially to challenge the authority of the UN Command.

Participation of South Korean troops in civilian clothes and former North Korean prisoners of war, however, is possible. Additionally, the arrival of increasing numbers of disciplined labor union and veterans' formations at the compounds, plus reports of participation by police in civilian clothes, possibly presages a serious effort to overwhelm the compounds with masses of aroused and unarmed demonstrators. Rhee may also order the pressure continued against the compounds

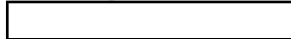
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after 15 August in a continuation of his effort to force ejection of the Communist truce inspectors and to ob-

tain further concessions to his objectives in Korea.



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Supreme Soviet Session

From 4 to 6 August the Soviet leadership gave the almost 1,400 delegates to the Supreme Soviet a straightforward description of the summit conference, including an account of the American approach to some East-West issues.

The Supreme Soviet has been called into session regularly twice a year since Stalin's death to hear important governmental pronouncements, apparently because the Soviet leadership wants to generate broader support for the regime's policies.

Marshal Bulganin's report of the conference noted that discussion of Eastern Europe and "International Communism" was proposed. It also specifically criticized the American proposal for aerial inspection and exchange of military information, on the grounds that aerial photography is not adequate for countries with "limitless expanses" and that the plan leaves out "armed forces and military establishments" situated on territories other than those of the United States and the USSR.

Bulganin also warned of the difficulties that lie ahead of the foreign ministers and

took the occasion to press the two topics that the Soviet delegation at Geneva had subordinated, apparently in the interest of harmony--the need to discuss Far Eastern tensions and support on the part of the four powers for nations choosing neutrality on the Austrian pattern. The description of neutrality as "increasingly pertinent" may indicate that the USSR is devising guarantees of security and territorial inviolability to be offered bilaterally during the numerous exchanges of official visits by top leaders planned for the next year.

The text of Marshal Bulganin's report was carried in a six-page edition of Pravda and broadcast to domestic audiences by radio. The Soviet people also heard President Eisenhower's press conference remarks that Bulganin's report did not seem to have "slammed the door" on negotiations on inspection of disarmament. They were informed of Bulganin's assertion at the closing session that "the Soviet government is carefully and seriously studying the proposal by Mr. Eisenhower stemming from the necessity of bringing our positions closer and of reaching agreement on this most important question."

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The continuation of expressions of conciliation toward the United States suggests that the Soviet leaders believe world conditions will permit the maintenance of this attitude for some time. Otherwise, they would hardly have reversed the extensive postwar effort to eliminate the good will the Russian people have felt for the United States. Bulganin's report termed the Geneva conference an important "turning point in the improvement of relations between the four

powers," leading to an end to the "cold war."

By giving the Soviet citizens a factual account of American and other Western proposals, the Soviet leaders are to some extent committing themselves to maintaining a reasonable and constructive manner in forthcoming East-West negotiations in order to convince the Soviet public they are doing their part toward further easing international tensions.

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Soviet Attitude Toward Adenauer Visit

The Soviet note of 3 August proposing diplomatic, economic, and cultural relations with West Germany indicated that the USSR is not rejecting preliminary ambassadorial talks but is relying primarily on Adenauer's visit to achieve this. The note also implied that Moscow would avoid formally raising the unification issue during the negotiations on establishing relations.

The preliminary talks between ambassadors in Paris are scheduled to get under way this week. The USSR is probably not prepared to show its hand in substantive discussions during these talks, which were proposed by the West Germans and to which Moscow merely replied that it had no objection.

The Soviet note made it clear that there must be no preliminary conditions to the

establishment of diplomatic, economic and cultural relations. This might be taken as a sign that the USSR would not insist on prior recognition by Bonn of the East-German regime. The USSR probably believes that normalization of its own relations with Bonn would be a step toward Bonn's acceptance of the East German regime. The Soviet Union will probably urge Adenauer to talk with the East Germans if he raises the issue of German unification.

By banning prerequisites to the establishment of relations, the USSR was serving notice that Bonn must not insist on prior agreement to return West German prisoners of war. Ambassador Bohlen believes--on the basis of information gained at Geneva--that the USSR will settle this problem, but not as a condition for establishing relations. The Soviet-East

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German announcement, following the visit of Bulganin and Khrushchev to East Germany, that the POW issue would be studied suggests that the USSR is planning further releases and wants East Germany to get the credit for initiating this move. The remaining German prisoners are of value to the USSR primarily as pawns in talks with the West Germans, and therefore the return of many of them can be anticipated.

Although the USSR has excluded unification from the formal agenda of talks, it may be willing to discuss the issue informally. The Soviet negotiators may feel that it is necessary to dramatize for the West Germans the importance of a direct link with Moscow and

to reaffirm more persuasively than at Geneva that they still believe in eventual German unity.

The USSR might accomplish these objectives and at the same time embarrass Adenauer by making a more attractive unity offer--perhaps accenting free elections--without abandoning the insistence on neutralization. This would be intended to build up neutralist pressure in Germany and to spotlight the Soviet contention that only Adenauer's loyalty to NATO blocked German unification. There is little likelihood, however, judging from Soviet actions at Geneva, of any major change from past Soviet offers on Germany.

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Political Confusion in Hungary

International developments are adding to the serious difficulties First Secretary Rakosi faces in trying to reassert discipline in the badly confused Hungarian Workers' Party. The repressive measures he is adopting in Hungary in an effort to strengthen discipline and control appear out of step with Soviet efforts to make Communist political methods in the Satellites more palatable to the West.

After Tito's Karlovac speech on 27 July attacking Hungarian and other Satellite leaders for not trying to improve relations with Yugoslavia, many Hungarians concluded that Rakosi would be ousted. This widely accepted public view has encouraged the followers of ex-

premier Nagy and increased the hesitancy and recalcitrance of the party rank and file, thus intensifying Rakosi's problems of control.

In response to Tito's recent attack, Rakosi addressed the nation on 8 August urging an intensification of "efforts to create and speed up healthy, sincere and friendly co-operation with Yugoslavia in all spheres." Following the example of the Soviet Union, Rakosi attempted to blame all the past bad relations with Yugoslavia on a deposed police chief--in the Hungarian case Gabor Peter, who was sentenced to life imprisonment in March 1954.

Because of his initial failure to restore momentum to

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the regime's program, Rakosi has apparently been forced to endorse more extreme internal policies than he would have otherwise chosen. Nevertheless, the regime's policy continues to be characterized by hesitancy, and widespread confusion exists among the party rank and file. Party cadres--suffering from a lack of direction--are, in turn, being condemned for their apathy. The fact that several thousand party members have reportedly been dismissed recently, not only for "rightist deviation" but also for behavior contrary to the party line, suggests that the purge goes beyond the removal of Nagy adherents to include members who question any party policy whatever.

The regime's agricultural program, particularly the grain surrender plan, has apparently provoked rather serious resist-

ance by the peasantry. This has nullified efforts to improve unsatisfactory crop collection and will adversely affect long-term plans to increase agricultural production. Resistance to the regime continues to be primarily passive, but an increased use of force and coercion is likely to provoke sporadic outbursts of violence.

Although the party is beset by factionalism and apathy exists in all sectors, Rakosi appears to be the Hungarian leader in whom Moscow places the greatest amount of trust and dependence. The Kremlin appears unwilling to sacrifice him at this time. If Rakosi is unable to end party dissension, however, the leadership of the government may be turned over to Communists who are not tainted with anti-Titoism and the excesses of Stalinism.

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Satellite Plan Fulfillment Reports

Plan fulfillment reports for the first six months of 1955 announced by the European Satellites claim that industrial production plans have been overfulfilled. Most of the Satellites also claimed to have achieved higher rates of industrial growth than in the first half of 1954, apparently because of significant increases in labor productivity.

Industrial production during the first half of 1955 increased by amounts ranging from over nine percent in Hungary to 17 percent in Albania. Hungary and East Germany made large percentage gains in the first quarter of 1955 as compared with 1954. This was mainly because of the poor performance in the first quarter of 1954 as a result of severe blizzards that

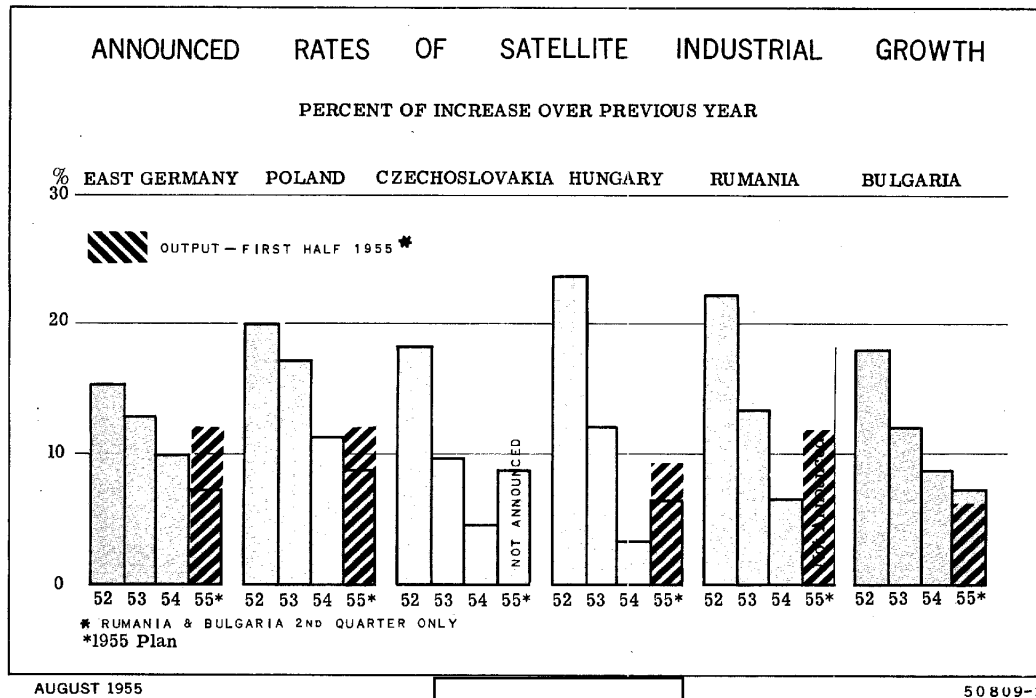
stopped trains and trucks and thus slowed down the whole Hungarian and East German economies. Continued gains during the second quarter of this year, however, suggest that progress has been made in overcoming the transitional problems that have plagued these countries since the new course was announced. Although Czechoslovakia has not released any statistics this year, the chairman of the State Planning Commission in late July stated that light industry had overfulfilled its plan but that heavy industry had fallen short.

The record of the Satellites during the first half of 1955 appears to be more than satisfactory as regards industrial plan fulfillment, but this record is due, at least in part,

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to reductions in the original plans in some countries and in one case to an extremely modest goal. The Satellites appear to have somewhat underestimated their capabilities, but the fact that they have achieved sizable increases in industrial output may result in a reversal of the trend of declining rates of industrial growth.

Although the Satellites announced early this year that increased emphasis was to be placed on heavy industry, the 1955 budgets and plans gave no indication of such a change in policy. The plan fulfillment reports suggest that there has been no sizable shift of resources away from consumer goods output, as retail trade turnover showed marked increases over 1954 levels. Retail trade turnover increased by amounts ranging from 3.9 percent in Hungary to 16.5 percent in Albania, with East Germany and Poland reporting 12-percent increases.

Agriculture continues to be the weakest spot in the Satellite economies. Several of the plan reports admitted continuing difficulties in meeting sowing schedules, and the renewed emphasis on collectivization in several Satellites will further discourage the peasants from increasing their production. The Satellites are once again facing the prospect of a below-normal harvest, largely as the result of unfavorable weather conditions this spring which reduced the time available for field work to less than was needed by their inefficient agricultural forces. Rumania and Bulgaria are the only countries which are likely to have a better harvest than in 1954, largely because of expanded acreage. Thus the Satellites as a unit have virtually no hope of improving food availabilities over the poor 1954-55 food consumption year. The poor harvest will probably force most Satellites to continue to use scarce Western currencies to pay for agricultural imports.

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Poland, Hungary, East Germany, and Rumania all claimed increases in industrial labor productivity ranging from six percent to 13.8 percent, which appear to account for most of the large gains in industrial production. The reports also indicate, however, that the industrial labor force continued to expand, suggesting that the regimes are having little success in inducing people to

return to agriculture. The increase in labor productivity claimed by East Germany--approximately nine percent--seems particularly significant in view of the shortages of food and the worker disaffection. This claim, if true, appears to indicate that the regime's program of raising work norms is meeting with at least initial success. [REDACTED] (Prepared by ORR)

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Vietnam

Premier Diem has dismissed as a propaganda maneuver the 19 July Viet Minh note demanding a start in election consultations. The position of the International Control Commission is still unclear as desultory negotiations with the Diem government continue.

In an official communiqué issued 9 August, Diem dismissed as a propaganda maneuver the Viet Minh demand for a beginning of consultations on elections. Copies of the declaration--which repeats Diem's earlier contentions that South Vietnam is not bound by the Geneva agreement and that free elections are impossible so long as the north is in the grip of Communism--were sent to Western officials with the evident intent that the French forward this viewpoint to Viet Minh authorities.

Relations between the government and the International Control Commission remain strained. Negotiations regarding the

scheduled transfer of commission headquarters from Hanoi to Saigon are presently under way. The commission unanimously feels it is entitled to a public, written endorsement from the Diem government before resuming its full activities in the south. It is highly unlikely that the government will grant such an endorsement. Moreover, Diem is still insisting that the commission establish its headquarters at Dalat rather than Saigon.

In a move to stop the terrorist bombings that have plagued Saigon since mid-July, the government has tightened security measures in the capital and has placed Cholon and suburban Gia Dinh under military control. [REDACTED]

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The French-Vietnamese military talks are to commence in Paris on 15 August. The chief topics for discussion are the transfer of the military high command, withdrawal of the French Expeditionary Corps from Vietnam, and the status of the French military mission.

Current Vietnamese plans call for withdrawal of all

French ground forces except a small training mission by 31 March 1956, and of all naval and air forces by the end of next year. While the French would probably be amenable to the proposed schedule for the withdrawal of ground forces, they would hesitate to comply with it as long as any air or naval forces remain.

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Cambodia

The Cambodian electoral campaign is becoming increasingly heated as Prince Sihanouk's party, the Sangkum Reastr Niyum (SRN), takes steps designed to ensure a decisive victory. The SRN is using village administrative machinery and public security forces to obstruct campaigning by the opposition and to intimidate peasants. The Democratic Party, chief rival of the SRN,

has protested to the International Control Commission the arrest of one of its candidates by the government, allegedly on a false charge.

The introduction of 35 Cambodian Communists into the campaign as candidates of the "People's Party" is expected to draw support away from moderate Democratic candidates and further improve SRN prospects.

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The Communists may wish to prevent the election of candidates from the moderate wing of the Democratic Party, believing they could later make better political capital as the opposition to a "reactionary" government. Again, they may feel that they will have a chance to form alliances with Democratic elements if that party is forced into clandestine activity following an SRN victory.

The ultimate issue of the present campaign is Prince Sihanouk's struggle to abolish political parties and "reform" the constitution. The prince is reported planning an extensive campaign tour on behalf of provincial candidates of the SRN; if such accepted electioneering techniques in addition to intimidation do not give indications of impending victory, it is possible he will resort to organized terror through his control of the army and police.

There have been indications that Cambodian resentment toward the International Control Commission, particularly the Indian members, will mount as the intensity of the campaign

increases. Although the commission's role in the elections is limited to observation, the Indians are going out of their way to protect the interest of the Democratic Party and are actively canvassing the country for evidence that electoral rights are being violated. Moreover, the Indian chairman of the commission was instrumental in obtaining government approval of the People's Party's participation in the election. He argued that the party is the outgrowth of the shadowy "Khmer Resistance Forces" and must be protected against discrimination under the Geneva agreement.

Prince Sihanouk has on several occasions exhibited extreme annoyance over Indian interference in Cambodian affairs. More recently, Sihanouk's party newspaper has made thinly veiled threats against the commission. Among other things, it has cited the Saigon riots as an example of what might happen in Cambodia if the people became "inflamed" against foreign intervention in their internal affairs.

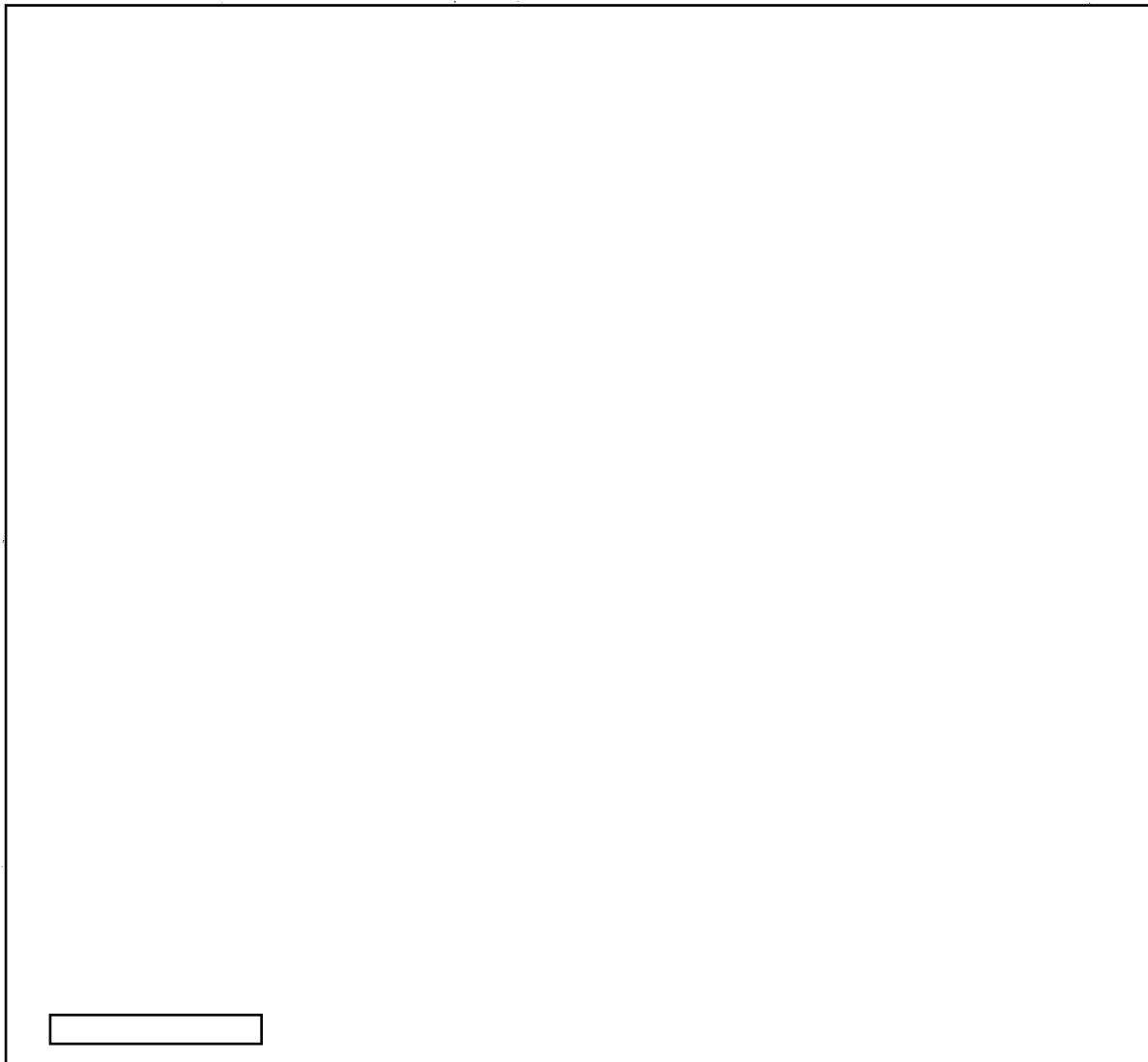
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New Indonesian Cabinet

The new Indonesian cabinet, formed on 10 August under the leadership of the anti-Communist Masjumi, is a victory for the army in its seven-week struggle to preserve and forward its interests. The National Party, which led the former cabinet and which had co-operated with the Communists, is not represented in the new government.

The 22-member coalition cabinet is led by Burhanuddin Harahap, who will also hold the defense portfolio. Harahap has never held a cabinet post before, but he has served capably as the

Masjumi's parliamentary chairman since 1950. He is not identified with either the liberal or conservative wing of the Masjumi and may rely for advice and direction largely on Vice President Hatta, a nonparty man who is highly respected by both Masjumi factions.

Masjumi men will also head the Ministry of Economic Affairs and the specially created Ministry for Elections. The cabinet includes 11 parties, five of which participated in the former government.

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The army, because of its role in bringing about the fall of the Ali government and in influencing the make-up of the present cabinet, will probably exercise marked influence in the Harahap government. Nevertheless, the restoration of civilian authority over the army is expected to be a major point in the new government's program. Hatta, who acted as chief of state during the cabinet negotiations, and Masjumi chairman Natsir both favor immediate steps in this direction. Army leaders, however, have expressed a desire for a clear understanding on the limits of political influence in the military establishment.

Masjumi leaders have taken the position that Indonesia's first national elections should be held as scheduled on 29 September. The Ali government is reported to have nearly com-

pleted election preparations, and there should be sufficient time between now and the scheduled polling date for the new cabinet to inspect election machinery. Some technical difficulties remain, however, and these as well as certain political considerations may yet result in a three- to six-month postponement.

Exclusion of the National Party from the new government further undermines the prestige of President Sukarno. He may have anticipated this, however, and his decision, on his return from Mecca earlier this month, to waive presidential responsibilities until 15 August may have been intended to soften the blow. He is scheduled to deliver a major political address on 17 August--Indonesia's independence day--at which time he may give some clue as to his future intentions.

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Pakistani Cabinet Reshuffle

The reshuffle in the Pakistani government in which Interior Minister General Iskander Mirza became acting governor general and Mohammad Ali resigned as prime minister portends no immediate change in Pakistan's foreign policy. Mirza has in effect been running the government for several months.

Chaudri Mohammad Ali, new leader of the Moslem League and finance minister since 1951, has been asked to form a coalition government. Even if he is successful in doing so, however, Pakistan's new government is unlikely to be able to bring political stability to Pakistan.

The nomination of Chaudri Mohammad Ali, Mirza's personal

choice for the premiership, ended a behind-the-scenes struggle between the acting governor general and H. S. Suhrawardy, leader of the Awami League and law minister in the old cabinet. At one point, the premiership was apparently offered to Suhrawardy in return for Awami League support, but the offer was withdrawn when a section of the United Front, which controls East Pakistan, agreed to form a coalition with the Moslem League and accept Chaudri Mohammad Ali as prime minister.

As there seems to be little chance that Ghulam Mohammad will recover sufficiently to resume his duties as governor general, Mirza's appointment is probably permanent. He and Chaudri Mohammad Ali are both competent and can be expected

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to continue their past close co-operation with the United States.

The difficulty and delay in finding a new prime minister, however, points up the fragmentation of political power which resulted from the 21 June elections to the Constituent Assembly. In order to form a government, Mirza was faced with the choice of accepting support from either Suhrawardy's Awami League or the United Front. Coalition arrangements with either would be distasteful to Mirza, but the United Front price for co-operation apparently was less.

The fact that neither Mirza nor Chaudri Mohammad Ali is considered an East Pakistani and neither is particularly sympathetic to the interests of that area is almost certain to cause deep resentment in East Pakistan. Major concessions to East Pakistani demands for autonomy may have to be

made to retain the United Front in the coalition.

Moreover, Suhrawardy is an experienced politician with considerable popular support, and unless he can be persuaded to join the government, he will be a formidable opponent in the Constituent Assembly. Under such circumstances, the controversial program of legislation prepared by Mirza, including his own pet scheme for creating a single province of West Pakistan, might have to be abandoned or greatly modified.

The Moslem League, the United Front, and the Awami League are all divided within themselves. The relative power of the various factions will not be clear until formation of the new cabinet is completed. There is little reason to believe, however, that the cabinet will be in a position to tackle Pakistan's pressing problem of political instability.

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Afghan-Pakistani Situation

Rumors have increased that Afghan prime minister Daud has been or is about to be ousted. Both Afghanistan and Pakistan have intimated that settlement of the dispute over the flag incident of 31 March is imminent, but little progress has been reported in three days of negotiations between Afghan foreign minister Naim and Pakistani ambassador A. S. B. Shah.

The reports of Daud's resignation, which is supposed to have taken place either on 31 July or on 4 August, have been given substance by (1) his continuing presence at Paghman, about 25 miles from Kabul; (2) widespread stories that he is in ill-health; and

(3) ex-prime minister Shah Mahmud's officiating for the royal family during the Moslem holiday festivities in Kabul. Some doubt may be cast on the resignation reports by the fact that on 6 August Naim went to Paghman to consult Daud about the negotiations with Ambassador Shah.

Removal of Daud, long a major aim of Pakistani policy, would almost certainly make agreement on the flag incident easier, but probably would not result in any major change in the terms of settlement. The main stumbling block is still the Pushtoonistan issue, and on this the attitude of other Afghan leaders differs from Daud's only in degree.

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The Afghan position may be weakened somewhat by uncertainty as to Daud's status, but Pakistan's cabinet reshuffle and internal opposition to the "one unit" plan for West Pakistan have in turn been interpreted by the Afghans as evidence of internal instability. As a result, a slight stiffening in

the attitude of Naim was immediately evident in his negotiations with Shah.

Turkish mediation is still under consideration, but at the moment it appears likely that if the dispute is to be settled, it will be through continued bilateral negotiations.

25X1

Syrian Presidential Election

The Syrian parliament is scheduled to begin balloting on 18 August to elect a new president. The leading political parties, the army, and agents of foreign powers have been maneuvering for several weeks, but no observer has yet been willing to predict the outcome.

The powers of the president under Syria's present constitutional arrangements are not decisive, although under certain conditions he may exercise considerable obstructive influence. The coming election may, however, serve as an indirect test of strength between those elements which lean toward Iraq and association with Western-sponsored Middle East defense projects and those which lean toward Egypt, Saudi Arabia, and their "pure" Arab pact.

The Iraq-inclined forces are centered in the Populists, who claim more parliament members (about 30 out of 142) than any other party. Outgoing President Atasi belongs to this group, whose strength lies around Aleppo in northern Syria. However, the strongest Populist leader, Rushdi al-Kikhya, has refused to run unless assured in advance that he will be elected. Kikhya's refusal has led his followers to consider

alternate candidates, both in and outside the Populist Party.

The leading alternate is Shukri al-Quwatli, a former president overthrown by an army coup in 1949. Quwatli has remained titular leader of the Nationalist Party, although he has spent most of the years since his overthrow in Egypt. He finds some favor among the Populists because he is a member of the "old guard" and also because he comes from Aleppo.

The army, however, has continued to oppose Quwatli, and general awareness of the possibility that another military coup might follow his election has probably been the chief obstacle to his candidacy. Furthermore, the secretary general of the Arab Socialist-Resurrectionist Party (ASRP), which enjoys the support of a number of younger army officers, announced on 6 August that that party would oppose him. The ASRP and its army supporters probably would prefer Foreign Minister Azm, whose tenure in office has been marked by a series of bids for their support.

Egypt and Saudi Arabia are interested in this election for the effect it may have on Syria's future orientation. The ASRP has been the most vociferous

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proponent of Syrian adherence to the proposed pact with Egypt and Saudi Arabia. Azm, its favorite, has also publicly backed the pact. His procrastination about signing it, however, aroused Egyptian distrust. Cairo therefore has sponsored Quwatli, whom the Egyptians have harbored for six years.

So many forces are at work that local observers have predicted the situation will remain confused until after the

actual balloting begins. Even after a president has been chosen, it seems probable that the constant threat of a coup from one side or the other will deter both the pro-Western and pro-Egyptian groups from achieving, or perhaps even from seeking, a clear-cut success. Safety for Syrian politicians of all varieties may well lie in maintaining their maneuverability, and in avoiding a clear commitment to either camp.

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Sudan Faces Internal Crisis

The Sudan is threatened with an internal crisis and civil disorders as a result of Egypt's efforts to undermine Sudanese prime minister Azhari's pro-independence government. Cairo is apparently stepping up its campaign against Azhari in preparation for the special parliamentary session opening on 20 August, which is expected to make arrangements for Sudanese self-determination.

A number of southern Sudanese deputies in Cairo have broadcast diatribes against Azhari and declared that "the first task of the southerners is to liberate themselves from the present terrorist regime." A group of pro-Egyptian southern politicians has recently returned from Cairo, and further disorders in the region are likely in the near future.

Cairo is also promoting dissension within the governing National Unionist Party. The developing struggle for power in that party between Azhari, the party president, and pro-Egyptian Mohammad Nur-al-Din, party vice president, may so split the party that Azhari will have to turn to an unstable pro-independence coalition to remain in power.

Cairo radio, which on 6 August increased its broadcasts to the Sudan for the second time within a month, is loudly denouncing Azhari's "reign of terror" in the southern Sudan.

Meanwhile, the Sudanese Workers Trade Union Federation, which is Communist-controlled, is reported threatening a seven-day general strike if the Azhari government does not meet its demands by 13 August. Such a

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strike by the Sudan's major labor group could effectively tie up the country's transportation system--as a five-

day strike did in March, and could seriously disrupt national life at the time of the special parliamentary session.

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French North Africa

Sporadic disorders persist in Morocco and Algeria. The Moroccan nationalists have ordered a week's strike beginning with demonstrations on 20 August, the second anniversary of the dethronement of former sultan Mohamed ben Youssef. Tunisia remains quiet as preparations are made for the formal ratification of the French-Tunisian accords approved on 4 August by the French Council of the Republic.

Morocco: Tension is acute as Resident General Grandval returns to Paris to present his recommendations. [REDACTED]

these call for the retirement of Sultan Mohamed ben Arafa, the creation of a three-man regency council, and the transfer of former sultan Mohamed ben Youssef to France.

The American consul general in Rabat reports that there are definite signs of disintegration in the sultan's government. One minister has resigned and several others are expected to do so. These officials not only fear the loss of their positions but also fear for their personal safety.

Meanwhile, French military commanders are reinforcing their garrisons at Casablanca,

Fez, Meknes and Marrakech. The commander of the American air bases in Morocco has been advised to be ready by 13 August for a difficult period extending through 20 August.

Press reports imply that French premier Faure, faced with concerted opposition within his government, is abandoning the idea of ousting Ben Arafa. These reports may set off large-scale nationalist demonstrations.

Algeria: The rebels apparently have returned to their former tactic of small-scale hit-and-run operations following the French military successes in wiping out two large rebel units. Several attacks have occurred near Algiers, indicating that the rebels have enlarged their field of operations.

Tunisia: The next step in the implementation of limited Tunisian autonomy is the formal exchange in Paris of instruments of ratification of the French-Tunisian conventions. The American embassy in Paris reports that present thinking in the protectorates ministry is to delay this action until late August. The Tunisians are anxious for early action, however, and will probably attempt to advance the date. [REDACTED]

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Political Tension
Mounts in Brazil

The normal political tensions of a presidential election campaign are presently complicated in Brazil by the approaching first anniversary of the suicide of the late president Getulio Vargas on 24 August.

The conservative civilian and military elements who opposed Vargas are fearful that the presidential election, scheduled for 3 October, will bring about the return to power of all his old followers. Rumors of imminent coups and countercoups have taken on a note of increasing urgency, as one faction calls on the military to prevent the "fraudulent" election, while the government and top military leaders express their opposition to "unconstitutional solutions" and reaffirm that the election will be held and that the winners will take office.

Any attempt to call off the election would have to be supported by the armed forces. The American embassy in Rio de Janeiro reported on 5 August, however, and reiterated on 9 August that the majority of the armed forces do not favor such an attempt and predicted that none would be forthcoming, "barring unforeseen circumstances."

Should current tensions lead to disorders and violence, the military might be persuaded that their intervention was necessary. The chairman of the joint chiefs of staff, General Canrobert Pereira da Costa, hinted at this possibility in a speech on 5 August. He charged that partisan political strife has brought Brazil to the "brink of disaster and chaos" and urged the armed forces to unite for "possible dramatic moments" during the coming weeks.

His speech reportedly was cleared with the heads of the three armed forces, with none of them raising any objections. Air Minister Lt. Gen. Eduardo Gomes, in fact, was said to have announced, "This is our line."

Probably to preclude any pretext for military intervention Joao Goulart, head of the Brazilian Labor Party and vice-presidential candidate on the ticket of Juscelino Kubitschek, issued a statement in late July urging his followers to exercise extreme prudence and calm during all demonstrations and ceremonies on 24 August commemorating Vargas' death.

Goulart, who is considered Vargas' political heir, is particularly disliked by the military for his demagogic efforts to build a political labor following at the expense of the military while serving as labor minister under Vargas from June 1953 to February 1954. His associations with Communists also make him objectionable to the military.

The Kubitschek-Goulart ticket still seems to have an edge in the presidential race. Retired General Juarez Tavora, who is supported by a coalition of centrist forces, has gained support during recent weeks, however, and is reported showing political acumen which his followers did not realize he possessed. The public announcement on 8 August that the Communist Party will support the Kubitschek-Goulart slate is likely to add still more votes for Juarez Tavora.

A third candidate is former Sao Paulo state governor Adhemar de Barros, who appeals to the same sort of voters as does the Kubitschek ticket.

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PART III

PATTERNS AND PERSPECTIVESSOVIET DOCTRINE AND SURPRISE ATTACK

Recent writings of Soviet military leaders indicate that a re-examination of Soviet military doctrine has been in progress, with increased significance being attached to surprise atomic attack as a determining factor in war. There has been an undertone of threat in some of the recent public statements, including references to surprise atomic attack that seem to hint at the possibility of a Soviet preventive attack in the event of imminent danger of attack on the USSR. Mainly, however, the current discussion appears to reflect concern for defensive vigilance and a determination not to appear weak or intimidated.

The attention being given to the implications of surprise attacks represents a belated reappraisal of Stalin's strategic thinking in the light of a realistic assessment of nuclear-weapons capabilities. In Stalinist military theory, the importance of surprise and mobility, which led to the early German victories in 1941, was consistently belittled. These factors were always compared unfavorably with the "constantly operating factors" of national strength, which allegedly assured eventual victory for the massive ground forces of the USSR.

On 24 March 1955, Marshal Rotmistrov published an article in the Soviet army newspaper Red Star appealing, in the words of the title, "For a Creative Elaboration of Soviet Military Science." Since that time Soviet writers have almost unanimously called for frankly recognizing German successes resulting from achievement of surprise in 1941 and the general need to study objectively the military ideas of "the enemy."

Rotmistrov, a marshal of tank troops, was one of the few figures in the early postwar period to challenge orthodox Soviet military doctrine publicly by calling for the increased emphasis on mobile armored units which appears to have become accepted by the Soviet army in recent years.

A Re-examination of Doctrine

The first indication that Soviet military thinkers were revising their former views on the importance of surprise had come earlier, in September 1953, in an article in Military Thought, a journal distributed only to military officers. It plainly stated that the danger of surprise attack had increased under modern conditions of warfare.

Actual revision of the Soviet position on surprise as a factor affecting field combat was indicated by the same journal in February 1954 in an article called "Tactical Surprise and Ways of Effecting It," by Lt. Col. Zlatoverov, whose authority was probably enhanced by his position as coauthor of the official field service regulations of April 1953. Zlatoverov contended that the importance of surprise had been grossly underestimated in the USSR in the past and that "in present-day combat actions the importance of surprise and its role in the winning of victory has increased."

The importance of surprise on the level of national military strategy appears to have been publicly recognized for the first time in the spring of 1954, when serious concern was indicated over the possibility that sudden enemy employment of atomic and hydrogen weapons in event of war might have a decisive effect not hitherto appreciated in Soviet military thinking.

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Concern on this score probably lay beneath Malenkov's famous allusion on 12 March 1954 to the possibility of the "destruction of world civilization" by atomic war. This remark followed the successful US test of a hydrogen weapon on 1 March.

Subsequently, in his address to the Supreme Soviet on 26 April, Malenkov revised his statement to emphasize that, if "aggressive circles banking on the atomic weapons should resort to madness and should want to test the strength and might of the Soviet Union, there can be no doubt that the aggressor would be crushed by the same weapon." This threat of a crushing counterblow, which has been the official Soviet line ever since, is probably more a characteristic Soviet response to anxiety than a realistic appraisal of the military situation.

Atom Associated with "Surprise"

This bravado has continued down to the present. Molotov stated in his speech of 8 February that "not the USSR, but the USA" was now lagging behind in hydrogen weapons. Voroshilov and other political leaders joined in re-emphasizing Soviet refusal to be "intimidated" by the threat of atomic war. In May 1954, Marshal Vasilevsky called for a greatly heightened campaign of defensive vigilance "so that nothing unexpected can catch us unawares." Bulganin, then minister of defense, declared in July that "until the United States renounces the use of atomic and hydrogen weapons, the Soviet Union is forced to possess these weapons so as not to be left without weapons in case of a surprise."

After Malenkov's demotion in early February 1955, Soviet leaders began to intimate publicly that the decisiveness

of atomic surprise might be a general principle of modern war. At this point came the first hints that the threat of atomic war might require a response other than instant and crushing retaliation. Marshal Sokolovsky, deputy defense minister and chief of the Defense Ministry general staff, wrote in Izvestia on 23 February: "The mere preparation and ability on the part of states subjected to the threat of attack to answer blow for blow is not enough. One must deprive the aggressor of the element of surprise and not allow oneself to be caught un-awares."

The importance of atomic surprise was most explicitly acknowledged in Rotmistrov's Red Star article of 24 March, which included the blunt declaration that "in certain circumstances a surprise assault using atomic and hydrogen weapons may be one of the decisive conditions of success not only in the initial period of a war, but in its entire course." In subsequent months, public discussion of the significance of surprise attack in modern warfare has been a principal element in the "creative elaboration of Soviet military science" called for by Rotmistrov.

"Surprise" in Soviet Policy

The recent discussion of surprise attack on the national strategic level has plainly been stimulated by growing Soviet realization of the destructive potential of nuclear weapons. There have been several different methods of dealing with this potential in public statements.

On the one hand, some Soviet military figures paint a picture of general destruction which seems to approach Malenkov's officially discredited reference to the "destruction of world civilization." Marshal Vasilevsky came closest to this position on 4 December

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1954 in an open letter in Pravda to Field Marshal Montgomery, in which he spoke of the responsibility that "we military men" bear for "hundreds of millions of lives which can perish during a future war" and for "the destruction of the largest centers of culture and industry which might be wiped off the face of the earth."

Marshal Zhukov also has often alluded to the "heavy losses for both sides" that would result from atomic war. He referred on 20 April to the destruction that might ensue for "children, mothers, and wives" in "New York or Moscow, London or Paris." On the anniversary of V-E Day this year, amid the generally bellicose assertions of Soviet invincibility, Zhukov again conjured up the picture of mutual destruction that would result "if, in the course of a war, thousands of atomic and hundreds of hydrogen bombs were to be used by each side."

In contrast to this relatively realistic appreciation, Marshal Konev, chief of the joint Soviet-Satellite command, and Lt. Gen. Shatilov, deputy head of the Chief Political Directorate of the Defense Ministry, have in recent pronouncements avoided indicating the mutually destructive power of nuclear weapons. Marshal Bagramyan, an eminent World War II commander who has recently been accorded increasing prominence, has stressed Soviet invincibility, repeating verbatim Molotov's claim of 8 February 1955 of Soviet superiority over America in hydrogen weapons.

There has not yet, therefore, even in military circles, been a clear resolution of the question of whether or not atomic war implies mutual destruction. But the tacit acceptance in higher levels of the regime of a relatively realistic appreciation may be assumed from

the fact that neither Bulganin and Khrushchev nor any spokesmen for the Ministry of Defense are yet known to have publicly echoed the Molotov-Voroshilov formula that only "rotten capitalism" would be destroyed in a nuclear war.

In the late spring of 1955 Soviet domestic radio broadcasts made many references to the dangers of surprise attack, but invariably in the context of exhorting the Soviet people to defensive vigilance and awareness of the strengths of a potential enemy. At the same time a crescendo of praise for Soviet strength and invincibility was noticeable in international Soviet propaganda throughout May, and added emphasis was given by the ostentatious demonstration of increased long-range bomber and jet fighter capabilities in aerial fly-bys from late April to the annual Aviation Day show on 3 July.

Recent Expressions of Doctrine

This show of strength was almost certainly designed primarily to convince the West that the USSR was not approaching a period of international negotiations "on broken legs," as Khrushchev put it. But two articles, published in May, did seem to go further in that they contained veiled threats that surprise atomic attack might be a possible expedient of Soviet policy if worst came to worst.

On 13 May, Marshal Bagramyan published an article in the literary journal October, extending the general objectives of surprise attack to include attack on distant political centers: "At the contemporary stage of the development of military affairs and technique," he wrote, "the role of surprise has grown still more, since an unexpected blow may be launched not only at troops deployed on the front, but also at strategic

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objectives, important political and industrial centers lying far from the front lines." Bagramyan issued a call to vigilance, referring to "the holy duty of the Soviet armed forces to nip in the bud every striving of the aggressors to carry out a surprise attack on our Soviet motherland."

Even more menacing in tone was a warning injected by General Shatilov into an article in the Literary Gazette of 28 May: "Knowing the savage nature of the aggressors, we cannot fail to examine the plans which they are preparing.... Those who think they will find us passive or unprepared to repel the aggressor will be deeply disappointed. It would pay the all-too-bellicose admirals and generals of the imperialist camp to remember well that atomic weapons as well as suddenness of action are double-edged weapons, and it is hardly sensible to jest with them."

In view of the recent Soviet emphasis on avoiding "stereotyped rehashes" of old military doctrine and the increased production and delivery capabilities of the USSR in the nuclear field, it is probable that anticipatory, preventive or spoiling attack has been considered by Soviet military theorists, and it may have been advocated as a practical course of action in the private deliberations of Soviet leaders. Public discussion of surprise attack may in part reflect a desire of Soviet leaders for public awareness in the USSR that strategic surprise--in the sense of an anticipatory counter-punch--might at some time or strategic extremity be a

necessary expedient of Soviet policy.

On the other hand, recent public discussion of surprise attack appears to have been related primarily to (1) a domestic campaign for greater understanding of and vigilance against a serious enemy capability and (2) an international campaign not to appear intimidated by the Western "policy of strength."

The context and the public nature of these statements give little ground for assuming that any conscious campaign of preparation for preventive war is currently intended by the Soviet leadership.

Soviet resort to a preventive surprise attack would imply neglect of the "historical forces" and "constantly operating factors" in favor of some of the ideas of "adventurism" and risk which trained Communists have traditionally rejected as characteristic of Western policy and symptomatic of weakness.

It is unlikely, moreover, that Soviet leaders would risk their power position and expose the USSR to nuclear devastation unless they were almost certain that they could gain their objective of crushing American military strength in one blow or unless they believed that an attack on the USSR was imminent. At present there are numerous indications that Soviet leaders neither underestimate American strength in this field nor believe attack on the USSR imminent.

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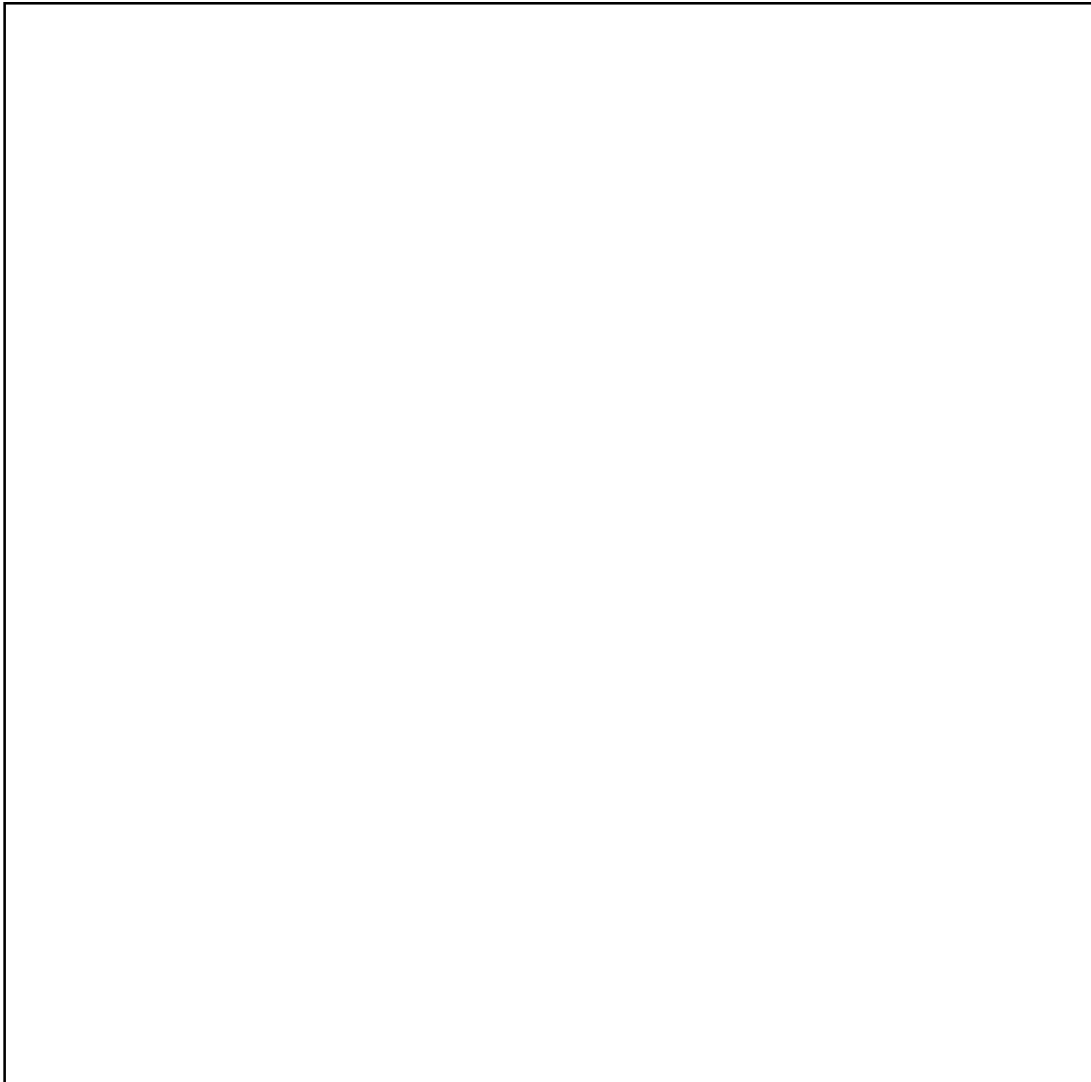
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THE NEW FRENCH MILITARY BUDGETS

Before adjourning for the summer, the French parliament approved the military budgets for both 1955 and 1956 at a level forcing postponement of the planned modernization of the armed forces. This apparently reflects an assumption that an East-West detente

has been achieved. There are indications that France may soon ask to be relieved of its obligation to rebuild its gravely weakened NATO forces in Europe in order to permit concentration of its strength in the western Mediterranean-North African area.

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New Budgetary Procedure

Parliamentary approval of the 1956 military budget so far in advance is unprecedented. The French fiscal year coincides with the calendar year, and past budgets have been presented and voted piecemeal in a long-drawn-out process, frequently extending into the second semester.

Submission of the 1955 military budget had been repeatedly postponed by the Mendes-France and Faure governments on the grounds that American aid for French forces in Indochina had not been determined and that the government wished to submit plans for reorganizing the Defense Ministry as well as for a complete tactical reorganization of the army.

The new appropriations are for \$2,834,000,000 for 1955 and \$2,851,000,000 for 1956, as compared with \$3,164,000,000 for 1954. Although the 1955 appropriation continues the steady decline evident since 1952, it contains more funds for the NATO area than did the preceding two budgets. The increase in appropriations voted for 1956 is the first such rise since 1952.

The budgetary increase for 1956 is offset by a number of factors, however. Special American aid, mostly for French forces in Indochina, declined from approximately \$530,000,000 in 1954 to \$100,000,000 in 1955. Salaries have gone up, and with the change of West Germany's status, France will be assuming more and more of the cost of its forces in the Federal Republic. Costs of operations are mounting in North Africa, where roughly a third of

French ground forces are now concentrated.

Although the new budgets are somewhat above Faure's original proposals, mostly because of the decline in American aid, the premier views military expenditures as essentially unproductive, and he can be expected to press for adoption of any disarmament proposal which promises an internationally agreed reduction in arms expenditures.

Effect on Army Reorganization

Defense Minister Koenig frankly describes the 1955 and 1956 military budgets as purely for maintenance of existing forces. The government took the position in the course of the debates that in view of exceptional expenditures in North Africa and Indochina, as well as related personnel requirements, France could not now afford to continue the army reorganization plan launched early this year. This plan calls for the army to be reorganized into smaller, highly mobile units suitable for atomic-age warfare.

Military experts responsible for the proposed reorganization had estimated that it would entail raising the budget level to some \$3 billion beginning in 1956 to allow for expanded production of tanks, self-propelled artillery, helicopters, and other equipment. The lack of such equipment for the new-type divisions has interrupted the reorganization process. The secretary of state for defense observed that the prospects of an international detente militated against voting funds for massive equipment production.

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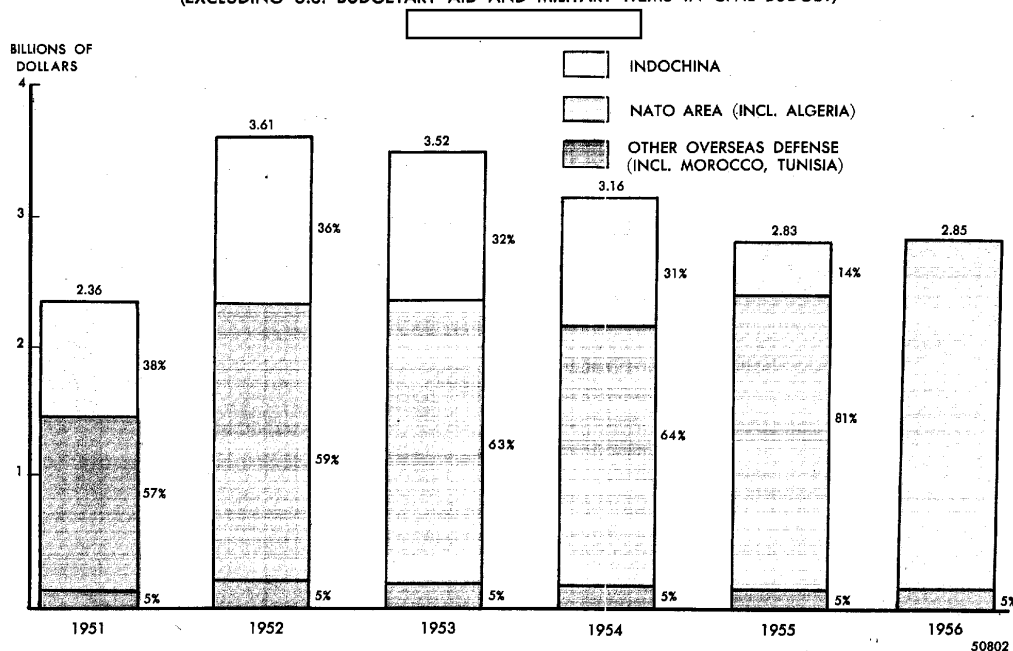
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FRENCH MILITARY APPROPRIATIONS

(EXCLUDING U.S. BUDGETARY AID AND MILITARY ITEMS IN CIVIL BUDGET)

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The new budgets provide the navy with only two thirds of the construction funds necessary to replace vessels retired for obsolescence.

Although the air force budget has been increased, projected mass production of interceptor-fighters, a SHAPE priority, is not expected to materialize. Air research and development will be considerably aided, however, and plans call for making up the present deficit in NATO-committed combat squadrons during 1955, and for adding more squadrons and personnel by the end of 1956.

Army personnel will decline by a few thousand in 1955-1956 to allow for salary increases. Repatriation of the approximately 35,000 French and North African ground troops in Indochina could improve the

quality of French NATO forces, but the numerical increase will be dissipated by expiring volunteer enlistments and regular retirements.

NATO Strength Threatened

The implications of the new French budgets are unfavorable for NATO in at least two ways.

First, the suspension of plans for re-equipping French ground forces will affect the quality of the five French M-day divisions which had formed a major part of the NATO cover forces in Europe. Two of these divisions had already been disrupted by the early stages of the reorganization.

Furthermore, redeployment of one of the NATO-committed divisions to North Africa this

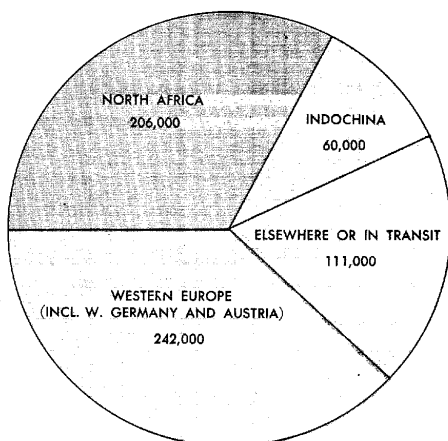
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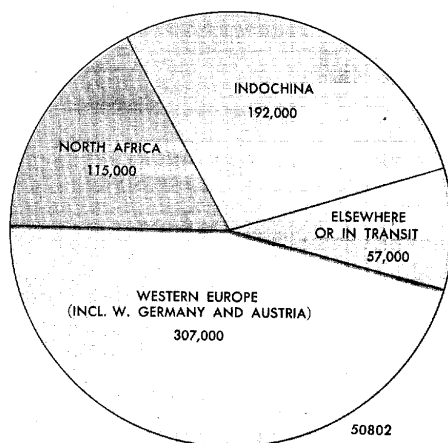
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FRENCH ARMY DISPOSITIONS

1 JULY 1955 TOTAL 619,000



1 APRIL 1954 TOTAL 671,000



spring, and continued troop withdrawals from other NATO-committed units, led General Gruenther to warn that drastic steps are needed to reconstitute the French mobilization base and restore the French element of the M-day shield.

Pending revival of the French army reorganization plan, SHAPE will probable have to

deal with a mixed French contribution of standard and new-type divisions, the latter under-equipped. Nevertheless, some improvement in the quality of French units now in Europe is expected under a new practice of incorporating conscripts every two months instead of every six, and of relieving active units of the burden of basic training.

A second and more serious threat to the effectiveness of NATO is apparent from hints that responsible officials are developing a new concept of France's defense commitments. Despite frequent statements by Koenig and other officials who put commitments to NATO ahead of other missions of the French armed forces, the defense minister in his Bastille Day radio address alluded to the "fragile equilibrium" existing between French resources and commitments, particularly the tug-of-war between NATO requirements on the Continent and current French operations in North Africa.

During the budget debates, Chairman Pierre Montel of the assembly's National Defense Committee proposed that France ask its NATO allies whether they consider the defense of Africa an element of Western defense and, if so, whether France should not take primary responsibility for NATO defense of the western Mediterranean and of North, West and Equatorial Africa. There are other indications that his idea is gaining increasing importance in French official thinking.

While the "NATO area" embraces Algeria as part of metropolitan France, it does not include Tunisia and Morocco, and Paris has displayed considerable irritation at American insistence that MDAP-furnished equipment for NATO-committed divisions be used only for

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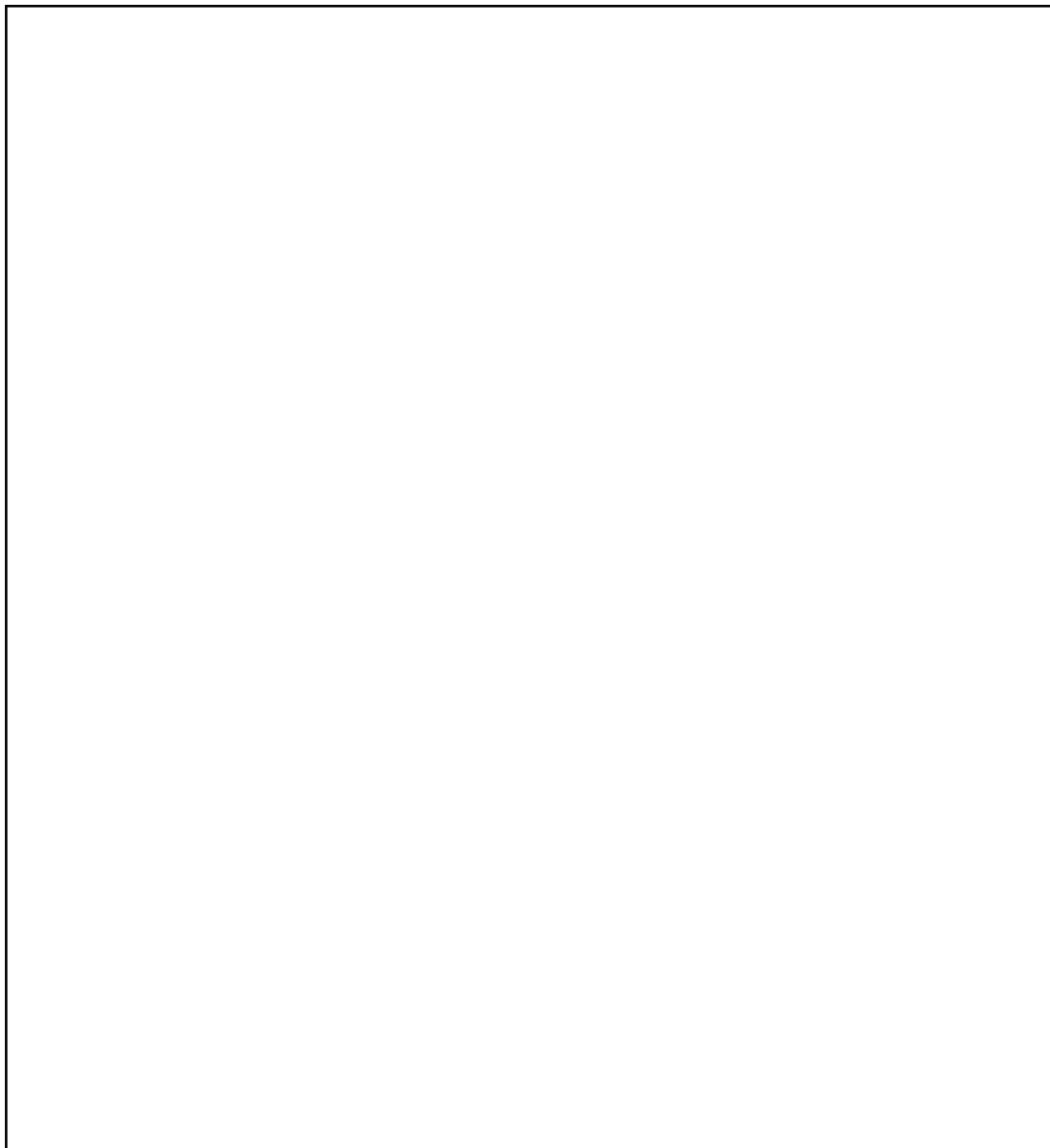
maintaining internal security in the NATO area proper. Furthermore, the amount allotted in the new military budgets for North African operations--about \$40,000,000 a year--is inadequate in the face of increasing problems in the area.

An official French move to redefine the "NATO area" and to have France's responsibility for security of the African portion recognized by other NATO members may therefore be in the offing.

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